

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-676

December 3, 2002

MAINE PUBLIC SERVICE COMPANY
Request for Approval of
Reorganization of the Company
Into a Holding Company
Structure

ORDER GRANTING
REQUEST FOR
INTERIM APPROVAL

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

In this Order, we grant Maine Public Service Company's request to incorporate a holding company (HoldCo) and another affiliated interest company (MergeCo) for the limited purpose of making filings with the Securities and Exchange Commission (SEC) and the American Stock Exchange.

II. BACKGROUND

On October 31, 2002, Maine Public Service Company (MPS or Company) filed an application requesting approval of a proposed reorganization of MPS and of certain affiliate interest transactions pursuant to the provisions of 35-A M.R.S.A. §§ 707, 708, 901 and 1101. If approved, MPS will form a new Maine-based holding company with MPS and Energy Atlantic (currently a subsidiary of MPS) becoming subsidiaries.

To create the holding company structure, MPS intends to use the "Reverse Triangular Merger" methodology. Under this methodology, MPS proposes to create another affiliate, MergeCo, whose sole purpose will be to serve as a vehicle for transitioning into holding company structure. As part of its application, MPS has requested interim approval to form HoldCo and MergeCo for the limited purpose of making registration filings and applications for approval with the SEC under the Public Utility Holding Company Act (PUHCA) and other securities laws and with the American Stock Exchange.

An initial case conference was held on November 20, 2002. At that time, MPS provided further clarification of its request for interim approval. Parties were provided with an opportunity to question MPS on this aspect of its proposal and were given until November 25, 2002 to file written objections. No objections have been received.

III. DECISION

In its application, MPS states that its objective is to secure all necessary regulatory approvals in time for its May, 2003 annual meeting. To meet this objective, MPS will need to initiate a filing with the SEC under the PUHCA in the very near future. In addition, HoldCo will need to execute a registration statement under federal securities laws, and submit an application to be listed on the American Stock Exchange. Therefore, MPS requests that the Commission approve on an expedited basis the creation of HoldCo and MergeCo for the sole purpose of securing approvals from the SEC and for applying for a listing on the American Stock Exchange. MPS states that in the event that the Commission denies its reorganization request, or if for any other reason the reorganization does not occur, MPS will dissolve both HoldCo and MergeCo.

Good cause appearing therefore, and there being no objection, the Commission will approve on an interim basis the creation of HoldCo and MergeCo. These approvals are granted solely to allow MPS, HoldCo and MergeCo to make registration filings and applications for approval with both the SEC and the American Stock Exchange. During the period of interim approval, HoldCo and MergeCo will not conduct any further business nor will MPS transfer any assets to either HoldCo or MergeCo.

In granting this interim approval, the Commission makes no finding as to whether the proposed holding company structure is in the public interest and will ultimately be approved.

Accordingly, it is

O R D E R E D

1. That Maine Public Service Company is authorized to create HoldCo and MergeCo, as described in its application of October 31, 2002 in this docket, for the limited basis of making applications for approval and registration filings with the Securities and Exchange Commission and the American stock Exchange.

2. In the event that the Commission ultimately denies Maine Public Service Company's request to create HoldCo and MergeCo, or if for any other reason the proposed reorganization does not occur, Maine Public Service Company shall dissolve MergeCo and HoldCo and shall withdraw all applications made pursuant to this interim approval.

Dated at Augusta, Maine, this 3rd day of December, 2002.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Diamond

COMMISSIONERS ABSENT: Nugent